

The Importance of **KYB IN BANKING**



GDCTM
GLOBAL DATA
CONSORTIUM

Until recently, banks were not required to verify the identity of owners, stakeholders, and beneficiaries of their customers. That created a legal gap that allowed bad actors to hide in plain sight in corporate structures.

That changed in 2016, with new Know Your Business (KYB) requirements for financial institutions required under the 2nd Payment Services Directive (PSD2).

NOW,
banks are responsible
for verifying
THE PERSON TO WHOM A BUSINESS IS REGISTERED,
other company officers, and anyone with a 25 percent or more stake
in the firm — an Owners, Directors and Officers (ODO) Check.

Banks also need data source diversity and composition when deciding what transactions to finance. These institutions need to know if the business is real, assess the risk of providing financing, and properly evaluate the business stakeholders. In other words, to legally protect themselves, banks need to acquire all the knowable business information for companies on both sides of a transaction.

To shield themselves from legal liability, banks need a fast, trusted KYB solution. That's where Global Data Consortium can help. GDC's Worldview platform is a leading global solution for Know Your Customer (KYC). Our expertise in that area makes us the right partner to meet KYB needs as well. The processes are very similar, as is GDC's approach. In each, we use a waterfall approach to checking relevant data to provide industry-leading match rates.

Launching our Business Verification Solution has been in the works for over a year. GDC has conducted multiple proof of concepts (POC) for Business Verification & KYB covering over 23 countries with a focus on establishing business activity/reality. These efforts resulted in average verification rates above 50 percent especially in some of the more challenging global markets.

The success of these POCs centers on a strategic investment in name matching and cross-alphabet search and match technology resulting in optimized results. Further, data quality performed during the verification — address parsing, geocoding, and standardization provided for accurate location matching. During these POCs & experiments, the sources were primarily government and business registries. With our upcoming release, we'll be expanding coverage by country, increasing data depth in critical markets, and expanding our data sources.

GDC also offers an Owners, Directors and Officers (ODO) Check, an extension of the KYB and KYC4C — KYF for Corporates — Checks. This is used when customers require verification of a business via KYB, KYC/KYB of an owning entity, and the confirmation or establishment of a threshold based on a connection between the two. Based on Anti Money Laundering (AML) laws, regulations, and procedures, this is a regulatory requirement aimed at preventing foreign companies from disguising illegally obtained funds as legitimate income.



WHY GDC IS THE RIGHT CHOICE FOR YOUR KYB NEEDS

The global nature of supply chains and vendors requires global reach. GDC has the ability to conduct business checks around the world, and our network of KYB data providers continues to expand.

WE PROUDLY POINT TO OUR EXPERIENCE PROCESSING KYC DATA AS PROOF OF OUR GLOBAL NETWORK MADE UP OF LOCAL PARTNERS.